



# Idaho Endowment Trust Lands

## **GROWING FUNDS FOR IDAHO EDUCATION: THE NEXT 100 YEARS**

<p style="text-align: center;"><b>PRESERVING</b> <i>the</i> <b>PAST</b></p>	<p><b>What are the Idaho Endowment Trust Lands?</b></p> <ul style="list-style-type: none"> <li>▪ In 1889, Congress granted Idaho over 3 million acres of land for the sole purpose of funding specified beneficiaries, primarily the state's public schools.</li> <li>▪ The Idaho Constitution, Article IX, Section 8 defines this mandate. The trust management was established by federal law in the Idaho Admissions Bill.</li> <li>▪ The Idaho Constitution names the State Board of Land Commissioners consisting of the Governor, Secretary of State, State Controller, Attorney General and Superintendent of Public Instruction as the sole trustee of all endowment assets, both land and financial.</li> <li>▪ Since statehood, prudent management has resulted in retention of a majority of the original land base and the establishment of a financial trust.</li> <li>▪ The Endowment Trust Land operations of the Idaho Department of Lands (IDL) contribute more to education than any other source, except tax revenue.</li> </ul>
<p style="text-align: center;"><b>MAXIMIZING</b> <i>the</i> <b>PRESENT</b></p>	<p><b>How are the Idaho Endowment Trust Lands managed?</b></p> <ul style="list-style-type: none"> <li>▪ The constitution obligates the Land Board to manage the assets of the endowments "in such manner as will <i>secure the maximum long term financial return.</i>" at a prudent level of risk.</li> <li>▪ The Idaho Endowment Trust Lands are managed by three key principles: <ul style="list-style-type: none"> <li>– <i>Maximizing long-term financial return at a prudent level of risk.</i></li> <li>– <i>Protecting future generations' purchasing power.</i></li> <li>– <i>Providing a relatively stable and predictable payout.</i></li> </ul> </li> <li>▪ The Idaho Constitution and Admission Bill currently limit the flexibility of the Land Board when considering possible acquisition and disposal of land.</li> </ul>
<p style="text-align: center;"><b>PROTECTING</b> <i>the</i> <b>FUTURE</b></p>	<p><b>How can the Land Board maximize return on investment for the beneficiaries?</b></p> <ul style="list-style-type: none"> <li>▪ The Constitution and existing statutes prohibit the Land Board from optimizing long-term financial return.</li> <li>▪ To fulfill the clear fiduciary responsibility, the Land Board must have the tools and flexibility to optimize assets and maximize revenues.</li> <li>▪ In keeping with its responsibilities as a prudent trustee, the Land Board recommends amending the Constitution and Admissions Bill to include other means of disposal of endowment lands in addition to the use of public auction. These recommendations are made after considerable deliberation and as part of an overall investment strategy.</li> <li>▪ The continued prudent management and the additional flexibility will set the stage for the next 100 years.</li> </ul>



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## **How Do We Protect the Future? The Next 100 Years**

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The Land Board directed the Idaho Department of Lands to establish the Endowment Lands Transaction Advisory Committee comprised of members of Idaho's business community.

**LAND**

This advisory committee used their specific expertise to conduct an impartial review of constitutional language that may impact the Land Board's ability to *maximize the return on investment of land transactions* covering over two and one-half million acres of Idaho endowment trust lands. The advisory committee had two charges:

*Where*

1. Provide an impartial review of the specific elements of Idaho State Constitution and the Admission Bill governing transactions of endowment lands.
2. Identify impediments to conducting real estate transactions in the 21st century.

**MIRACLES**

At the July 21, 2009 meeting of the state board of land commissioners, the board discussed and accepted the report of the citizen based *Endowment Land Transaction Advisory Committee*. *The full report can be found at*  
<http://www.idl.idaho.gov/am/am.html>

*Grow*

The report identified the need to reform portions of the Idaho Constitution and Admissions Bill to allow the board greater flexibility in its endowment land leasing, sales, exchange and development program. Existing language presents hurdles that tend to protract negotiations, create convoluted and awkward contract terms, limit revenue sharing opportunities and even arrest the state's ability to capitalize on current market conditions.

To *better maximize return to the beneficiaries* the committee's recommendations provide the board flexibility in structuring transactions that conform to modern business practice.

The Land Board as stewards of Idaho's endowment trust lands will continue to secure the vision of those before us. On-going prudent management, the adoption of an Asset Management Plan, performance benchmarks of professional managers and Constitutional language changes will provide flexibility, asset protection in perpetuity and maximized financial returns from Land assets over time

If you'd like a presentation about these programs contact us at [speakersbureau@idl.idaho.gov](mailto:speakersbureau@idl.idaho.gov). You can find out more about the Endowment lands, the report submitted by the Endowment Lands Transaction Advisory Board and other programs managed by the Idaho Department of Lands on the web at <http://www.idl.idaho.gov/>.